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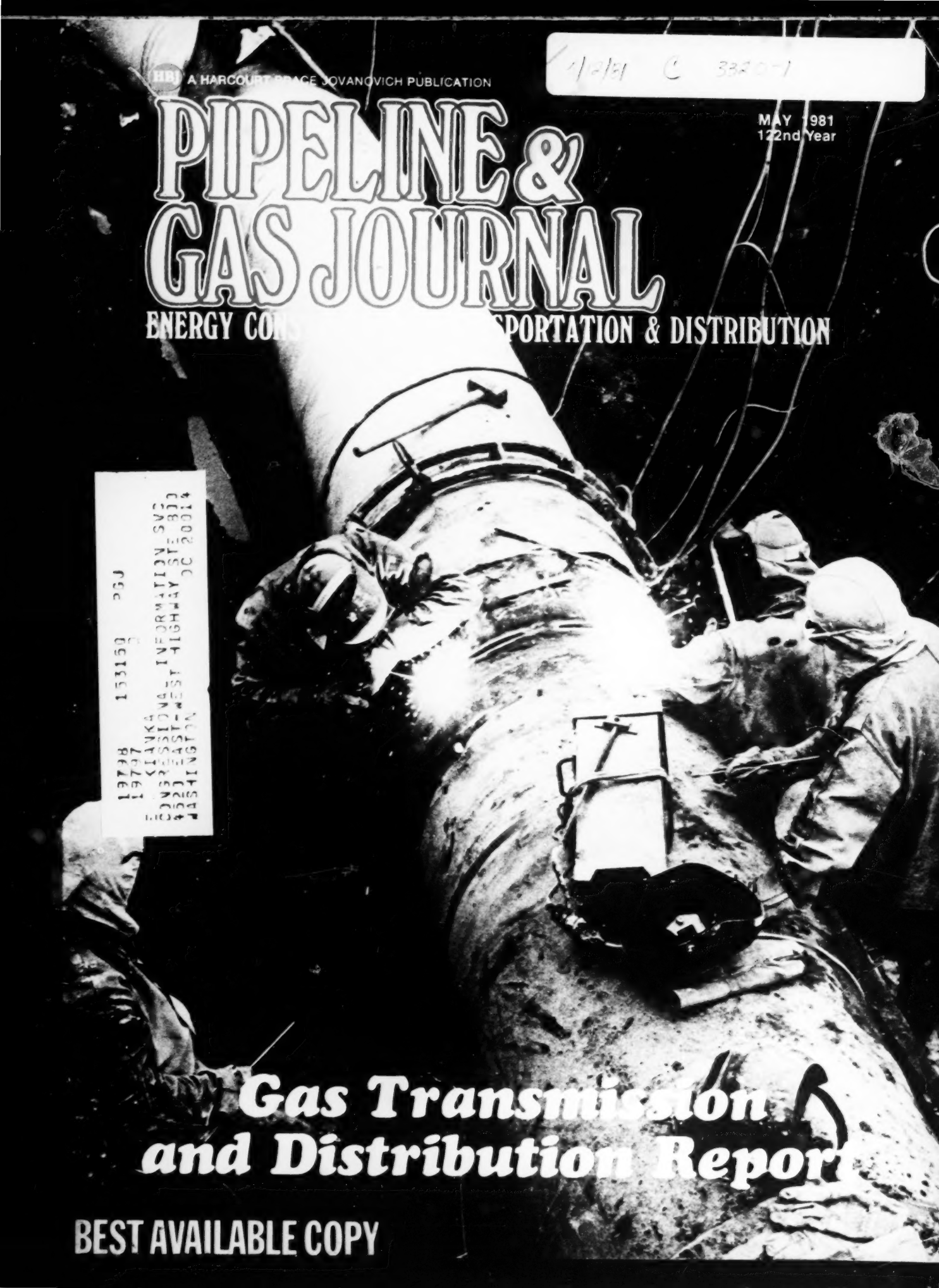

Gas Transmission and Distribution Report

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PIPELINE & GAS JOURNAL

International Pipeline & Gas Utility Design, Construction & Operation

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COVER

Weldors lay in filler passes on 36-in. pipe laid as tie-in section for road crossing in the area near LeMans; line runs 146 km to Nozay compressor station.

—photo courtesy Philips Welding Industries B.V.

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British Gas Co. has put into service its fourth St. Fergus Feeder—a 283-mile, 42-in. gas line to carry North Sea gas southward toward England only nine months after construction began.

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CAPITAL EXPENDITURES INCREASE

FORECASTERS WALK ON SHAKY GROUND and never have indicators been more vacillating than today. This year and next U.S. will have the heaviest investments, mostly in exploration and development. Foreign exploration and development will balloon in the future when oil-exporting nations realize that finding and developing oil must continue indefinitely.

Algeria and Libya have proclaimed the need for foreign technology and demanded training for their people and technical aid in return for oil. They receive training and technical management but when foreigners leave, so goes the will and ability to operate the industry.

Atlantic Richfield cancelled two Nigerian contracts this year, an instant picture of the oil glut. There could be more cancellations, especially if the all-out exploration and drilling programs in the U.S. are half-way successful. Ashland reportedly stopped buying 90,000 b/d oil from Mexico and 17,000 b/d from Cameroon at quarterly review time. It seems the company has adequate and better supplies at lower rates.

Saudi Arabia has been telling OPEC for years the members would get in a bind with their headlong race for ever higher prices. Now it appears the chips are down and Saudi is prepared to rule the cartel. Saudi has been smart enough to keep Aramco, the only continuous oil operations management in place since 1948.

One factor that will create high capital expenditures and small profit, or losses, is OPEC members' determination to become involved in "downstream" activities--refining, chemicals, etc. An upswing in 1981 spending for these facilities is in prospect. This includes expansion of marine transport.

Non-communist world capital and exploratory expenditures are less this year than most predictions--up 16% in USA and 11% for total. Including the communist bloc would change the table very little. The communist system is not much better for oil operations than it is for food production. If any sizeable project is attempted it will probably be financed by outsiders.

ESTIMATED CAPITAL AND EXPLORATORY EXPENDITURES FOR FACILITIES AND RESERVES
(U.S. and Non-Communist Countries -- Millions of Dollars -- current Dollars)

	1980			1981E			1982E		
	USA	NON-USA	TOTAL	USA	NON-USA	TOTAL	USA	NON-USA	TOTAL
Oil & Gas*	32,400	17,200	$49,600	37,200	16,100	$53,300	37,400	19,500	$56,900
Manufacturing**	5,100	12,860	17,960	5,900	14,260	20,160	6,100	12,180	18,280
Marketing	1,170	2,400	3,570	1,090	2,940	4,030	1,210	3,100	4,310
Liquid Pipelines+	1,100	5,060	6,160	1,370	5,500	6,870	1,670	5,600	7,270
Marine Transport	3,700	6,700	10,400	3,100	7,400	10,500	2,900	7,700	10,600
Other Energies++	4,660	4,040	8,700	5,350	4,810	10,160	6,500	3,600	10,100
Miscellaneous	1,050	1,200	2,250	2,200	2,390	4,590	3,060	3,400	6,460
Sub total	49,180	49,460	$98,640	56,210	53,400	$109,610	58,840	55,080	$113,920
Gas Pipelines‡‡	5,800	4,800	10,600	7,790	5,100	12,890	9,000	5,300	14,300
LNG/SNG+	630	2,220	2,850	400	1,000	1,400	550	1,300	1,850
Sub total	6,430	7,020	$13,450	8,190	6,100	$14,290	9,550	6,600	$16,150
TOTAL	55,610	56,480	$112,090	64,400	59,500	$123,900	68,390	61,680	$130,070

^{E}Estimate. *Includes exploration and development. **Refining and petrochemical investment by oil/gas companies. +Pipeline & Gas Journal estimates. ++Coal, nuclear, shale oil, tar sands, geothermal, etc., expenditures by oil and gas companies. ‡Energy related investment. ‡‡Transmission and distribution capital estimates by Pipeline & Gas Journal. Only change in 1980 is "Oil & Gas" which late in year went up $2 billion.

NOTE

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